



Dean K. Matsuura  
Manager  
Regulatory Affairs

September 30, 2008

PUBLIC UTILITIES  
COMMISSION

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FILED

The Honorable Chairman and Members of the  
the Hawaii Public Utilities Commission  
465 South King Street  
Kekuanaoa Building, 1st Floor  
Honolulu, Hawaii 96813

Dear Commissioners:

Subject: Docket No. 2006-0386  
HECO 2007 Test Year Rate Case – Revenue Requirement Correction

On June 20, 2008, the Commission issued its *Order Granting Hawaiian Electric Company, Inc.'s Motion to Adjust Interim Increase Filed on May 21, 2008* ("June 20, 2008 Order") in Docket No. 2006-0386. Pursuant to this order, Hawaiian Electric Company, Inc. ("HECO" or "Company") filed a tariff sheet on June 23, 2008, to implement an adjusted interim increase of \$77,867,000 for the 2007 test year, effective June 20, 2008. Since that time, the Company discovered that the other operating revenues at current effective rates for the 2007 test year were not calculated in accordance with the charges approved in Decision and Order No. 24171 ("D&O 24171") in Docket No. 04-0113 (HECO's 2005 test year rate case) and were therefore understated. In addition, the other operating revenues at proposed rates did not reflect the Commission's ruling that the Company could not assess the field collection charge to customers when a field call does not result in the successful collection of monies (D&O 24171, page 100) and were therefore overstated.

HECO reran its revenue requirement for the 2007 test year as shown on Exhibit 1. The resulting interim increase was \$77,466,000, or \$401,000 less than the adjusted interim increase approved in the Commission's June 20, 2008 Order on an annual basis.

Exhibit 2, page 1 shows the calculation of the lower interim revenue increase of \$77,392,400, which will be recovered through the interim revenue increase percentages. This amount is equal to the \$77,466,000 interim revenue increase (see Exhibit 1) less \$73,600 of late payment charges. The late payment charges are based on a factor of .095% of test year sales as specified in item 3 on page 2 of Exhibit 1 of the Stipulated Settlement Letter filed by the parties in this proceeding on September 6, 2007 ("Settlement Letter"). Exhibit 2, page 2 hereto shows the allocation of the lower interim revenue increase to rate classes. The allocation of revenues to

the rate classes is based on HECO T-20 Attachment 1 of the Settlement Letter. These interim revenue increase percentages by rate classes will be applied as described below.

As shown on Exhibit 2, page 3, the Company over-collected \$114,400, including interest, from June 20, 2008 to September 30, 2008 and will refund this amount. The refund will be offset against the revised interim revenue increase, as shown in Exhibit 2, page 4, and will be applied to ratepayers from October 1 to October 31, 2008. The revised interim revenue increase without the refund will be applied to ratepayers beginning November 1, 2008. Exhibit 3 presents HECO's proposed tariff sheets.

The reduction of field collection charges in other operating revenues at proposed rates causes electric sales revenues to increase in order to produce a test year operating income that yields a rate of return on average rate base of 8.62%. The increase in electric sales revenues also increases taxes other than income taxes which effectively increases the revenue requirement at proposed rates by \$6,000. In addition, the Company discovered in its review of the 2007 test year numbers, that the domestic production activities deduction ("DPAD") for the 2007 test year required a minor correction as explained in the Company's response to CA-IR-129 in Docket No. 2008-0083 (HECO's 2009 test year rate case). Each of these items causes an increase to the revenue requirement at proposed rates for the 2007 test year as shown in Exhibit 4. However, the Company has decided to forego this impact and will not seek a revision to the 2007 test year revenue requirement at proposed rates of \$1,480,538,000 approved in the June 20, 2008 Order. Exhibit 1 shows that the 2007 test year revenue requirement at proposed rates for the corrected run is identical to the revenue requirement of \$1,480,538,000 approved in the June 20, 2008 Order. In this run, the taxes other than income taxes of \$137,606,000 (Exhibit 1, page 6) and the DPAD of \$577,000 (Exhibit 1, page 5) have not changed from the revenue requirement at proposed rates approved in the June 20, 2008 Order. (See June 20, 2008 Order, Exhibit A, pages 2 and 3.)

HECO proposes to correct the 2007 test year interim increase percentages as shown in Exhibit 3, effective October 1, 2008, and acknowledges that all revenues collected for the interim increase are subject to refund upon a final decision and order in this rate case.

Very truly yours,



Dean K. Matsuura  
Manager, Regulatory Affairs

Enclosures

cc: Division of Consumer Advocacy  
Dr. Khojasteh Davoodi  
David C. Coker, Esq.



Hawaiian Electric Company, Inc.  
Revised Adjusted Interim at Curr Eff Rates w/Int Sync  
Results of Operations

	(\$ Thousands)		Revenue Requirements to Produce 8.62% Return on Average Rate Base
	Current Effective Rates	Additional Amount	
Electric Sales Revenue	1,398,765	77,362	1,476,127
Other Operating Revenue	3,807	104	3,911
Gain on Sale of Land	500		500
<b>TOTAL OPERATING REVENUES</b>	<b>1,403,072</b>	<b>77,466</b>	<b>1,480,538</b>
Fuel	543,874		543,874
Purchased Power	387,492		387,492
Production	67,597		67,597
Transmission	10,272		10,272
Distribution	24,663		24,663
Customer Accounts	11,720		11,720
Allowance for Uncoll. Accounts	970	0	970
Customer Service	5,890		5,890
Administration & General	69,189		69,189
Gen Excise Tax Rate Incr Adj	328		328
Operation and Maintenance	1,121,995	0	1,121,995
Depreciation & Amortization	78,763		78,763
Amortization of State ITC	(1,304)		(1,304)
Taxes Other Than Income	130,731	6,875	137,606
Interest on Customer Deposits	377		377
Income Taxes	15,787	27,467	43,254
<b>TOTAL OPERATING EXPENSES</b>	<b>1,346,349</b>	<b>34,342</b>	<b>1,380,691</b>
<b>OPERATING INCOME</b>	<b>56,723</b>	<b>43,124</b>	<b>99,847</b>
<b>AVERAGE RATE BASE</b>	<b>1,159,087</b>	<b>(772)</b>	<b>1,158,315</b>
<b>RATE OF RETURN ON AVERAGE RATE BASE</b>	<b>4.89%</b>		<b>8.62%</b>

## Hawaiian Electric Company, Inc.

Revised Adjusted Interim at Curr Eff Rates w/Int Sync  
 COMPOSITE EMBEDDED COST OF CAPITAL  
 Estimated Average

	A	B	C	D
	Capitalization			
	Amount in Thousands	Percent of Total	Earnings Reqmts	Weighted Earnings Reqmts (B) x (C)
Short-Term Debt	38,971	3.08	5.00%	0.154%
Long-Term Debt	480,727	38.01	6.09%	2.314%
Hybrid Securities	27,556	2.18	7.47%	0.163%
Preferred Stock	20,586	1.63	5.51%	0.090%
Common Equity	696,826	55.10	10.70%	5.896%
Total	1,264,666	100.00		
Estimated Composite Cost of Capital				8.617%
			or	<u>8.62%</u>

Revised Adjusted Interim at Curr Eff Rates w/Int Sync  
AVERAGE RATE BASE  
(\$ Thousands)

	Beginning Balance	End of Year Balance	Average Balance
Investments in Assets Serving Customers			
Net Cost of Plant in Service	1,331,363	1,370,649	1,351,006
Property Held for Future Use	517	3,567	2,042
Fuel Inventory	53,084	53,084	53,084
Materials & Supplies Inventories	12,838	12,838	12,838
Unamort. Net SFAS 109 Reg. Asset	53,483	55,970	54,727
Pension Asset	0	0	0
OPEB Amount	0	0	0
Unamort Sys Dev Costs	0	4,642	2,321
Unamort DSG Reg Asset	0	0	0
ARO Reg Asset	27	26	27
Total Investments in Assets	1,451,312	1,500,776	1,476,045
Funds From Non-Investors			
Unamortized CIAC	164,092	176,802	170,447
Customer Advances	1,001	756	879
Customer Deposits	6,369	6,827	6,598
Accumulated Def. Income Taxes	135,254	130,294	132,774
Unamort State ITC (Gross)	28,523	30,044	29,284
Unamortized Gain on Sale	1,582	1,214	1,398
Total Deductions	336,821	345,937	341,380
Difference			1,134,665
Working Cash at Current Effective Rates			24,422
Rate Base at Current Effective Rates			1,159,087
Change in Rate Base - Working Cash			(772)
Rate Base at Proposed Rates			1,158,315

Without DPAD and Franchise Tax Adjustment  
Hawaiian Electric Company, Inc.

EXHIBIT 1  
PAGE 4 OF 13

Revised Adjusted Interim at Curr Eff Rates w/Int Sync  
WORKING CASH ITEMS

(\$ Thousands)

	A	B	C	D
	COLLECTION	PAYMENT	NET	
	LAG	LAG	COLLECTION	ANNUAL
	(DAYS)	(DAYS)	LAG	AMOUNT
			(DAYS)	
			(A - B)	
ITEMS REQUIRING WORKING CASH				
Fuel Oil Purchases	37	17	20	537,767
O&M Labor	37	11	26	88,209
O&M Nonlabor	37	34	3	100,922
Pension Asset Amortization	37	0	37	-
ITEMS THAT PROVIDE WORKING CASH				
Revenue Taxes	37	66	(29)	124,437
Income Taxes-Present Rates	37	40	(3)	17,922
Income Taxes-Proposed Rates	37	40	(3)	45,389
Purchased Power	37	39	(2)	387,492
	E	F	G	H
	AVERAGE	WORKING	AVERAGE	WORKING
	DAILY	CASH	DAILY	CASH
	AMOUNT	(PRESENT	AMOUNT	(PROPOSED
	(D/365)	RATES)	(PROPOSED)	RATES)
		(C X E)		(C X G)
ITEMS REQUIRING WORKING CASH				
Fuel Oil Purchases	1,473	29,467	1,473	29,467
O&M Labor	242	6,283	242	6,283
O&M Nonlabor	276	829	276	829
Pension Asset Amortization	0	0	0	0
ITEMS THAT PROVIDE WORKING CASH				
Purchased Power	1,062	(2,123)	1,062	(2,123)
Revenue Taxes	341	(9,887)	360	(10,433)
Income Taxes-Present Rates	49	(147)		
Income Taxes-Proposed Rates	124	-	124	(373)
Total		24,422		23,650
Change in Working Cash				(772)

## Hawaiian Electric Company, Inc.

Revised Adjusted Interim at Curr Eff Rates w/Int Sync  
COMPUTATION OF INCOME TAX EXPENSE

(\$ Thousands)

	Current Effective Rates	Adjustment	At Proposed Rates
Operating Revenues	1,403,072	77,466	1,480,538
Operating Expenses:			
Fuel Oil and Purchased Power	931,366		931,366
Other Operation & Maintenance Expense	190,629	0	190,629
Depreciation	78,763		78,763
Amortization of State ITC	(1,304)		(1,304)
Taxes Other than Income	130,731	6,875	137,606
Interest on Customer Deposits	377		377
Total Operating Expenses	1,330,562	6,875	1,337,437
Operating Income Before Income Taxes	72,510	70,591	143,101
Tax Adjustments:			
Interest Expense	(30,475)		(30,475)
Meals and Entertainment	81		81
	(30,394)	0	(30,394)
Taxable Income at Ordinary Rates	42,116	70,591	112,707
Income Tax Exp at Ordinary Rates	16,387	27,467	43,854
Tax Benefit of Domestic Production Activities Deduction	577		577
Tax Effect of Deductible Preferred Stock Dividends	23		23
TOTAL INCOME TAX EXPENSE	15,787	27,467	43,254

## Hawaiian Electric Company, Inc.

Revised Adjusted Interim at Curr Eff Rates w/Int Sync  
COMPUTATION OF TAXES OTHER THAN INCOME TAX

(\$ Thousands)

	Rate	At Curr Eff Rates	Adjustment	At Proposed Rates
Electric Sales Revenue		1,398,765	77,362	1,476,127
Other Operating Revenue		3,807	104	3,911
Operating Revenues		1,402,572	77,466	1,480,038
Public Service Tax	5.885%	82,484	4,559	87,043
PUC Fees	0.500%	7,008	387	7,395
Franchise Tax	2.500%	34,945	1,929	36,874
Payroll Tax		6,294		6,294
TOTAL TAXES OTHER THAN INCOME TAX		130,731	6,875	137,606

## Hawaiian Electric Company, Inc.

Revised Adjusted Interim at Curr Eff Rates w/Int Sync  
CALCULATIONS OF REVENUE REQUIREMENTS

(\$ Thousands)

## OPERATING INCOME AT CURRENT EFFECTIVE RATES:

Operating Revenues	1,403,072
Fuel and Purchased Power Expenses	931,366
Other O&M Expenses	190,629
Depreciation & Amortization Expense	78,763
Amortization of State ITC	(1,304)
Taxes Other than Income	130,731
Interest on Customer Deposits	377
Income Taxes	15,787
Total Operating Expenses	1,346,349

OPERATING INCOME AT CURRENT EFFECTIVE RATES	56,723
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## CALCULATIONS OF REVENUE REQUIREMENTS:

## OPERATING INCOME

Rate Base at Proposed Rates	1,158,315
Proposed Rate of Return on Rate Base	x 8.62%
Operating Income	99,847
Less: Operating Income at Current Effective Rate	56,723
INCREASE IN OPERATING INCOME	43,124

## OPERATING REVENUES:

Increase in Operating Income	43,124
Operating Income Divisor (divided by)	0.55664
INCREASE IN OPERATING REVENUES	77,466
Increase in Electric Sales Revenue	77,362
Other Operating Revenue Rate	x 0.134%
Increase in Other Operating Revenues	104
	77,466

Note: Increase in Operating Revenues amount reduced by \$5 thousand.

Without DPAD and Franchise Tax Adjustment

Hawaiian Electric Company, Inc.

Revised Adjusted Interim at Curr Eff Rates w/Int Sync  
CALCULATIONS OF REVENUE REQUIREMENTS

(\$ Thousands)

BAD DEBT:

Increase in Electric Revenues		77,362
Bad Debt Rate	x	0.0000
INCREASE IN BAD DEBT EXPENSE		<u>0</u>

REVENUE TAX:

Increase in Operating Revenues		77,466
Less: Increase in Bad Debt Expense		<u>0</u>
		77,466
PSC Tax & PUC Fees Rate	x	6.385%
		<u>4,946</u>
Increase in Electric Revenues		77,362
Less: Increase in Bad Debt Expense		<u>0</u>
		77,362
Franchise Tax Rate	x	2.500%
		<u>1,929</u>
INCREASE IN REVENUE TAX		<u>6,875</u>

INCOME TAX:

Increase in Operating Revenues		77,466
Effective Income Tax Rate after considering revenue tax & bad debt	x	35.454%
INCREASE IN INCOME TAX		<u>27,467</u>
INCREASE IN OPERATING INCOME (check)		<u>43,124</u>

Note: Franchise tax amount reduced by \$5 thousand and Increase in  
Income tax amount increased by \$2 thousand.

## Hawaiian Electric Company, Inc.

Revised Adjusted Interim at Curr Eff Rates w/Int Sync  
CALCULATIONS OF REVENUE REQUIREMENTS

(\$ Thousands)

## CHANGE IN RATE BASE:

	A	B	C	D
	EXPENSE	AVERAGE	NET	WORKING
	AMOUNT	DAILY	COLLECTION	CASH
		AMOUNT	LAG (DAYS)	REQMT
		(A/365)		(B) x (C)
Increase in Revenue Tax	6,875	19	(29)	(546)
Income Tax at present rates	17,922	49	(3)	147
Income Tax at proposed rate	45,389	124	(3)	(373)
CHANGE IN RATE BASE - WORKING CASH				(772)
Rate Base at Present Rates				1,159,087
PROPOSED RATE BASE				1,158,315
Operating Income at Present Rates				56,723
Increase in Operating Income				43,124
OPERATING INCOME AT PROPOSED RATES				99,847
PROPOSED RATE OF RETURN ON RATE BASE (check)				8.62%

## Hawaiian Electric Company, Inc.

Revised Adjusted Interim at Curr Eff Rates w/Int Sync  
SUPPORT WORKSHEET

## OPERATING REVENUES:

Electric Sales Revenues	1,398,765
Other Operating Revenues	3,807
Gain on Sale of Land	500

TOTAL OPERATING REVENUES	<u>1,403,072</u>
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## FUEL OIL AND PURCHASE POWER EXPENSES:

Fuel Oil Expense	537,767
Fuel Related Non-labor Exp	5,207
Fuel Handling Labor Expense	900

Fuel Oil Expense	<u>543,874</u>
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Purchased Power Expense	<u>387,492</u>
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TOTAL FUEL OIL AND PURCHASE POWER EXPENSES	<u>931,366</u>
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## OTHER OPERATION &amp; MAINTENANCE EXPENSES:

Production	67,597
Transmission	10,272
Distribution	24,663
Customer Account	11,720
Allowance for Uncollectible Accounts	970
Customer Service	5,890
Administration & General	69,189
Gen Excise Tax Rate Incr Adj	328

TOTAL OTHER OPERATION & MAINTENANCE EXPENSES	<u>190,629</u>
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## Hawaiian Electric Company, Inc.

Revised Adjusted Interim at Curr Eff Rates w/Int Sync  
SUPPORT WORKSHEET

TOTAL FUEL OIL & PP AND OTH O&M EXPENSES (LABOR/NONLABOR)	
Fuel Oil Expense	537,767
Purchase Power Expense	387,492
Total Labor Expense	
Labor Expense	88,209
Total Labor Expense	88,209
Total Nonlabor Expense	
Nonlabor Expense	103,320
Fuel Related Expense	5,207
Payroll Taxes	6,294
Bad Debt Expense	(970)
Pension Expense	(12,929)
Pension Asset Amortization	0
	100,922
TOTAL FUEL OIL & PP, OTH O&M AND PR TAX EXPENSES	1,114,390
REVENUE TAX	
Public Service Tax	
Electric Sales Revenues	1,398,765
Other Operating Revenues	3,807
Less: Bad Debt Expense	(970)
Operating Revenues subject to PSC Tax	1,401,602
Public Service Tax Rate	x 5.885%
Total PSC Tax	82,484
PUC Fees	
Electric Sales Revenues	1,398,765
Other Operating Revenues	3,807
Less: Bad Debt Expense	(970)
Operating Revenues subject to PSC Tax	1,401,602
PUC Tax Rate	x 0.500%
Total PUC Tax	7,008

## Hawaiian Electric Company, Inc.

Revised Adjusted Interim at Curr Eff Rates w/Int Sync  
SUPPORT WORKSHEET

Franchise Tax		
Electric Sales Revenues		1,398,765
Less: Bad Debt Expense		(970)
		<u>1,397,795</u>
Franchise Tax Rate	x	<u>2.500%</u>
Total Franchise Tax		<u>34,945</u>
TOTAL REVENUE TAX		<u>124,437</u>
INTEREST EXPENSE:		
Weighted Cost of Debt		
Short-Term Debt		0.154%
Long-Term Debt		2.314%
Hybrid Securities		<u>0.163%</u>
Total		<u>2.631%</u>
Rate Base at Proposed Rates	x	<u>1,158,315</u>
TOTAL INTEREST EXPENSE		<u>30,475</u>
INCOME TAX EXPENSE SUMMARY		
Current		17,922
Deferred		(4,960)
State ITC		2,825
Pension Asset Amortization		<u>0</u>
TOTAL INCOME TAX EXPENSE		<u>15,787</u>
CALCULATIONS OF REVENUE TAX RATE:		
Franchise Tax Rate adjusted for Change in Oth Oper		
Revenues and Bad Debt		0.02497
PSC Tax Rate adjusted for Bad Debt		0.05885
PUC Tax Rate adjusted for Bad Debt		<u>0.00500</u>
REVENUE TAX RATE		<u>0.08882</u>
CALCULATIONS OF COMPOSITE INCOME TAX RATE:		
State Tax Rate		0.06015
Federal Tax Rate		0.35000
State Tax Rate		0.06015
Federal Tax Rate	x	<u>0.35000</u>
Federal Tax Effect on State Tax		<u>(0.02105)</u>
COMPOSITE INCOME TAX RATE		<u>0.38910</u>

## Hawaiian Electric Company, Inc.

Revised Adjusted Interim at Curr Eff Rates w/Int Sync  
SUPPORT WORKSHEET

## CALCULATIONS OF COMPOSITE CAPITAL GAINS TAX RATE:

State Capital Gains Tax Rate		0.03759
Federal Tax Rate		0.35000
State Capital Gains Tax Rate		0.03759
Federal Tax Rate	x	0.35000
Federal Tax Effect on State Capital Gains Tax Rate		(0.01316)
COMPOSITE CAPITAL GAINS TAX RATE		<u>0.37444</u>

## CALCULATIONS OF EFFECTIVE INCOME TAX RATE:

PSC Tax & PUC Fees Rates adjusted for Bad Debt		0.06385
Franchise Tax adjusted for Change in Oth Oper Rev and Bad Debt		0.02497
Bad Debt Rate adjusted for Change in Oth Oper Rev		-
Revenue Tax and Bad Debt rate		<u>0.08882</u>
Rev Tax & Bad Debt Reciprocal (1 - 0.08882)		0.91118
Composite Income Tax Rate	x	<u>0.38910</u>
EFFECTIVE INCOME TAX RATE AFTER CONSIDERING REVENUE TAX & BAD DEBT		<u>0.35454</u>

## CALCULATIONS OF OPERATING INCOME DIVISOR:

PSC Tax & PUC Fees Rates		0.06385
Franchise Tax adjusted for Change in Oth Oper Rev		0.02497
Bad Debt Rate adjusted for Change in Oth Oper Rev		-
Effective Income Tax Rate after considering revenue tax & bad debt		<u>0.35454</u>
		<u>0.44336</u>
OPERATING INCOME DIVISOR (1 - 0.44336)		<u>0.55664</u>

HAWAIIAN ELECTRIC COMPANY, INC.  
DOCKET NO. 2006-0386, TEST-YEAR 2007

CORRECTED REVISED INTERIM RATE INCREASE  
CALCULATION OF REVENUE TO BE RECOVERED  
In \$000s

L1	Corrected Revised 2007 Interim Rate Increase	\$77,466.0
L2	Late Payment Charges in Increase in Other Operating Revenue	<u>\$73.6</u>
L3 = L1 - L2	Increase in Total Operating Revenue To be Recovered from Rate Classes	\$77,392.4

Source:

L1	See Exhibit 1
L2	L1 x .095% <sup>1</sup>

<sup>1</sup> Page 2 of Exhibit 1 of the Stipulated Settlement Letter filed by the parties in this proceeding on September 6, 2007.

HAWAIIAN ELECTRIC COMPANY, INC.  
DOCKET NO. 2006-0386, TEST-YEAR 2007

CORRECTED REVISED INTERIM RATE INCREASE  
SUMMARY OF REVENUE INCREASE BY CLASS  
Effective November 1, 2008

Rate Class	A	B	C	D	E
	Interim Rate Increase Allocation	Interim Rate Increase Allocation	Schedule P Reassignment of Revenues	Interim Rate Increase	Interim Rate Increase
	Allocation (%)	Revenue Increase (\$000s)		Base Revenue (\$000s)	Class Increase (%)
Schedule R	35.71%	\$27,636.7		\$389,948.5	7.09%
Schedule G	6.65%	\$5,146.6		\$73,421.5	7.01%
Schedule J	25.37%	\$19,634.5		\$330,947.4	5.93%
Schedule H	0.61%	\$472.1		\$6,549.5	7.21%
Schedule PS	9.10%	\$7,042.7	\$2,213.5	\$124,380.0	7.44%
Schedule PP <sup>1,2</sup>	9.80%	\$7,584.5	\$2,972.6	\$139,245.9	7.58%
Schedule PP Direct Served Customer <sup>1,2</sup>	10.70%	\$8,281.0	(\$5,520.6)	\$152,063.5	1.82%
Schedule PT	1.47%	\$1,137.7	\$334.5	\$22,524.0	6.54%
Schedule F	0.59%	\$456.6		\$6,350.0	7.19%
Total	100.00%	\$77,392.4	\$0.0	\$1,245,430.3	6.21%

Source:

Column A, Column C, note 1 Stipulated Settlement Letter Dated September 5, 2007, Docket No. 2006-0386, HECO T-20, Attachment 1, Page 1

note 1: Schedule PP Allocation (20.50%) is split 52.20% to Directly Served Customers and 47.80% non-direct served customers. See note 2.

note 2: Schedule PP Directly Served Customers base revenues constitute 52.20% of Direct Testimony revised Schedule PP Base Revenues.  $(152,065.5 / 291,309.4 = 52.20\%)$   
Docket No. 2006-0386 - HECO 2007 Test Year Rate Case Tariff Sheets for Revised Interim Rate Increase, filed May 28, 2008, Exhibit 3, page 2.

Column B: Column A x Exhibit 2, Page 1, Line 3.

Column D, note 2 Estimate of Test Year Revenue - Based on TY2005 Final Rates

Column E: (Column B + Column C) + Column D

HAWAIIAN ELECTRIC COMPANY, INC.  
DOCKET NO. 2006-0386, TEST-YEAR 2007

CORRECTED REVISED INTERIM RATE INCREASE  
ESTIMATE OF OVERCOLLECTION PLUS INTEREST  
In \$000s

L1	Revised 2007 Interim Rate Increase effective June 20, 2008	\$77,793.0
L2	Corrected Revised 2007 Interim Rate Increase effective October 1, 2008	<u>\$77,392.4</u>
L3 = L1 - L2	Annualized Overcollection of Corrected Revised 2007 Interim Rate Increase	\$400.6
L4 = L3 x (103+365)	Estimated Overcollection of Revised 2007 Interim Rate Increase, June 20 to September 30, 2008	\$113.0
L5 = (L4 x 50%) x 8.62% x (103+365)	Estimated Interest Due to Estimated Overcollection of Revised 2007 Interim Rate Increase	\$1.4
L6 = L4+L5	Amount to Refund	\$114.4
L1	HECO 2007 Interim Rate Increase, Revised Tariff Sheets, filed May 28, 2008, Exhibit 3, line 1	
L2	Exhibit 2, page 1, line 3	
L5	Interest is calculated on the average overcollection balance	

HAWAIIAN ELECTRIC COMPANY, INC.  
DOCKET NO. 2006-0386, TEST-YEAR 2007

CORRECTED REVISED INTERIM RATE INCREASE  
SUMMARY OF REVENUE INCREASE BY CLASS  
Effective October 1, 2008 to October 31, 2008

Rate Class	A	B	C	D	E	F
	Refund Allocation	Refund	Base Revenue/mo	Refund %	Corrected Revised Interim Increase	Interim Increase With Refund
	Allocation (%)	Refund (\$000s)	Base Revenue/mo (\$000s)	Refund % (%)	Interim Increase (%)	With Refund (%)
Schedule R	35.71%	-\$40.9	\$32,495.7	-0.13%	7.09%	6.96%
Schedule G	6.65%	-\$7.6	\$6,118.5	-0.12%	7.01%	6.89%
Schedule J	25.37%	-\$29.0	\$27,579.0	-0.11%	5.93%	5.82%
Schedule H	0.61%	-\$0.7	\$545.8	-0.13%	7.21%	7.08%
Schedule PS	9.10%	-\$10.4	\$10,365.0	-0.10%	7.44%	7.34%
Schedule PP <sup>1,2</sup>	9.80%	-\$11.2	\$11,603.8	-0.10%	7.58%	7.48%
Schedule PP Direct Served Customer <sup>1,2</sup>	10.70%	-\$12.2	\$12,672.0	-0.10%	1.82%	1.72%
Schedule PT	1.47%	-\$1.7	\$1,877.0	-0.09%	6.54%	6.45%
Schedule F	0.59%	-\$0.7	\$529.2	-0.13%	7.19%	7.06%
Total	100.00%	-\$114.4	\$103,785.9	-0.11%	6.21%	6.10%

Source:

Column A, Column C, note 1 Stipulated Settlement Letter Dated September 5, 2007, Docket No. 2006-0386, HECO T-20, Attachment 1, Page 1

note 1: Schedule PP Allocation (20.50%) is split 52.20% to Directly Served Customers and 47.80% non-direct served customers. See note 2

note 2: Schedule PP Directly Served Customers base revenues constitute 52.20% of Direct Testimony Schedule PP Base Revenues.  $(152,065.5 / 291,309.4 = 52.20\%)$

Column B: Column A x Exhibit 2, Page 3, Line 6.

Column C Estimate of Test Year Revenue - Based on TY2005 Final Rates, divided by 12

Column D: Column B + Column C

Column E: Exhibit 2, page 2, Column E

Column F: Column D + Column E

Superseding Revised Sheet No. 50.4  
Effective June 20, 2008

REVISED SHEET NO. 50.4  
Effective October 1, 2008

INTERIM RATE INCREASE 2007

Supplement To

Schedule R	- Residential Service
Schedule E	- Electric Service For Employees
Schedule G	- General Service Non-Demand
Schedule J	- General Service Demand
Schedule H	- Commercial Cooking, Heating, Air Conditioning & Refrigeration Service
Schedule PS	- Large Power Secondary Voltage Service
Schedule PP	- Large Power Primary Voltage Service
Schedule PT	- Large Power Transmission Voltage Service
Schedule F	- Public Street Lighting, Highway Lighting, & Park & Playground Floodlighting
Schedule U	- Time-of-Use Service
Schedule TOU-R	- Residential Time-of-Use Service
Schedule TOU-C	- Commercial Time-of-Use Service

All terms and provisions of Schedules "R", "E", "G", "J", "H", "PS", "PP", "PT", "F", "U", "TOU-R", and "TOU-C" are applicable except that the total base rate charges for each billing period shall be increased by the following Interim Rate Increase approved by the Public Utilities Commission. The total base rate charges for the current billing period shall include all base rate schedule charges, and base rate adjustments, excluding the Energy Cost Adjustment, the IRP Cost Recovery Adjustment, Residential DSM Adjustment, Commercial and Industrial DSM Adjustment, SolarSaver Adjustment, and Interim Surcharge.

INTERIM RATE INCREASE 2007:

Schedule R/E/TOU-R.....	6.96 percent
Schedule G/TOU-C Non-Demand.....	6.89 percent
Schedule J/TOU-C Demand.....	5.82 percent
Schedule H.....	7.08 percent
Schedule PS.....	7.34 percent
Schedule PP.....	7.48 percent
Schedule PP (Directly served from Substation).	1.72 percent
Schedule PT.....	6.45 percent
Schedule F.....	7.06 percent
Schedule U.....	5.82 percent

The above Interim Rate Increase 2007 is based on an interim increase of \$77,466,000 approved by the Public Utilities Commission. The revenues collected through this Interim Rate Increase are subject to refund with interest upon a final decision and order.

HAWAIIAN ELECTRIC COMPANY, INC.

Superseding Revised Sheet No. 50.4  
Effective October 1, 2008

REVISED SHEET NO. 50.4  
Effective November 1, 2008

INTERIM RATE INCREASE 2007

Supplement To

Schedule R	- Residential Service
Schedule E	- Electric Service For Employees
Schedule G	- General Service Non-Demand
Schedule J	- General Service Demand
Schedule H	- Commercial Cooking, Heating, Air Conditioning & Refrigeration Service
Schedule PS	- Large Power Secondary Voltage Service
Schedule PP	- Large Power Primary Voltage Service
Schedule PT	- Large Power Transmission Voltage Service
Schedule F	- Public Street Lighting, Highway Lighting, & Park & Playground Floodlighting
Schedule U	- Time-of-Use Service
Schedule TOU-R	- Residential Time-of-Use Service
Schedule TOU-C	- Commercial Time-of-Use Service

All terms and provisions of Schedules "R", "E", "G", "J", "H", "PS", "PP", "PT", "F", "U", "TOU-R", and "TOU-C" are applicable except that the total base rate charges for each billing period shall be increased by the following Interim Rate Increase approved by the Public Utilities Commission. The total base rate charges for the current billing period shall include all base rate schedule charges, and base rate adjustments, excluding the Energy Cost Adjustment, the IRP Cost Recovery Adjustment, Residential DSM Adjustment, Commercial and Industrial DSM Adjustment, SolarSaver Adjustment, and Interim Surcharge.

INTERIM RATE INCREASE 2007:

Schedule R/E/TOU-R.....	7.09 percent
Schedule G/TOU-C Non-Demand.....	7.01 percent
Schedule J/TOU-C Demand.....	5.93 percent
Schedule H.....	7.21 percent
Schedule PS.....	7.44 percent
Schedule PP.....	7.58 percent
Schedule PP (Directly served from Substation).	1.82 percent
Schedule PT.....	6.54 percent
Schedule F.....	7.19 percent
Schedule U.....	5.93 percent

The above Interim Rate Increase 2007 is based on an interim increase of \$77,466,000 approved by the Public Utilities Commission. The revenues collected through this Interim Rate Increase are subject to refund with interest upon a final decision and order.

HAWAIIAN ELECTRIC COMPANY, INC.

Hawaiian Electric Company, Inc.  
Revised Adjusted Interim at Curr Eff Rates w/Int Sync  
Results of Operations

	Current Effective Rates	Additional Amount	Revenue Requirements to Produce 8.62% Return on Average Rate Base
Electric Sales Revenue	1,398,765	77,378	1,476,143
Other Operating Revenue	3,807	104	3,911
Gain on Sale of Land	500		500
<b>TOTAL OPERATING REVENUES</b>	<b>1,403,072</b>	<b>77,482</b>	<b>1,480,554</b>
Fuel	543,874		543,874
Purchased Power	387,492		387,492
Production	67,597		67,597
Transmission	10,272		10,272
Distribution	24,663		24,663
Customer Accounts	11,720		11,720
Allowance for Uncoll. Accounts	970	0	970
Customer Service	5,890		5,890
Administration & General	69,189		69,189
Gen Excise Tax Rate Incr Adj	328		328
Operation and Maintenance	1,121,995	0	1,121,995
Depreciation & Amortization	78,763		78,763
Amortization of State ITC	(1,304)		(1,304)
Taxes Other Than Income	130,731	6,881	137,612
Interest on Customer Deposits	377		377
Income Taxes	15,793	27,470	43,263
<b>TOTAL OPERATING EXPENSES</b>	<b>1,346,355</b>	<b>34,351</b>	<b>1,380,706</b>
<b>OPERATING INCOME</b>	<b>56,717</b>	<b>43,131</b>	<b>99,848</b>
<b>AVERAGE RATE BASE</b>	<b>1,159,087</b>	<b>(773)</b>	<b>1,158,314</b>
<b>RATE OF RETURN ON AVERAGE RATE BASE</b>	<b>4.89%</b>		<b>8.62%</b>

## Hawaiian Electric Company, Inc.

Revised Adjusted Interim at Curr Eff Rates w/Int Sync  
COMPOSITE EMBEDDED COST OF CAPITAL  
Estimated Average

	A	B	C	D
	Capitalization			
	Amount in Thousands	Percent of Total	Earnings Reqmts	Weighted Earnings Reqmts (B) x (C)
Short-Term Debt	38,971	3.08	5.00%	0.154%
Long-Term Debt	480,727	38.01	6.09%	2.314%
Hybrid Securities	27,556	2.18	7.47%	0.163%
Preferred Stock	20,586	1.63	5.51%	0.090%
Common Equity	696,826	55.10	10.70%	5.896%
Total	1,264,666	100.00		
Estimated Composite Cost of Capital				8.617%
			or	<u>8.62%</u>

## Hawaiian Electric Company, Inc.

Revised Adjusted Interim at Curr Eff Rates w/Int Sync  
AVERAGE RATE BASE  
(\$ Thousands)

	Beginning Balance	End of Year Balance	Average Balance
Investments in Assets Serving Customers			
Net Cost of Plant in Service	1,331,363	1,370,649	1,351,006
Property Held for Future Use	517	3,567	2,042
Fuel Inventory	53,084	53,084	53,084
Materials & Supplies Inventories	12,838	12,838	12,838
Unamort. Net SFAS 109 Reg. Asset	53,483	55,970	54,727
Pension Asset	0	0	0
OPEB Amount	0	0	0
Unamort Sys Dev Costs	0	4,642	2,321
Unamort DSG Reg Asset	0	0	0
ARO Reg Asset	27	26	27
Total Investments in Assets	1,451,312	1,500,776	1,476,045
Funds From Non-Investors			
Unamortized CIAC	164,092	176,802	170,447
Customer Advances	1,001	756	879
Customer Deposits	6,369	6,827	6,598
Accumulated Def. Income Taxes	135,254	130,294	132,774
Unamort State ITC (Gross)	28,523	30,044	29,284
Unamortized Gain on Sale	1,582	1,214	1,398
Total Deductions	336,821	345,937	341,380
Difference			1,134,665
Working Cash at Current Effective Rates			24,422
Rate Base at Current Effective Rates			1,159,087
Change in Rate Base - Working Cash			(773)
Rate Base at Proposed Rates			1,158,314

## Hawaiian Electric Company, Inc.

Revised Adjusted Interim at Curr Eff Rates w/Int Sync  
WORKING CASH ITEMS

(\$ Thousands)

	A	B	C	D
	COLLECTION	PAYMENT	NET	
	LAG	LAG	COLLECTION	ANNUAL
	(DAYS)	(DAYS)	LAG	AMOUNT
			(DAYS)	
			(A - B)	
ITEMS REQUIRING WORKING CASH				
Fuel Oil Purchases	37	17	20	537,767
O&M Labor	37	11	26	88,209
O&M Nonlabor	37	34	3	100,922
Pension Asset Amortization	37	0	37	-
ITEMS THAT PROVIDE WORKING CASH				
Revenue Taxes	37	66	(29)	124,437
Income Taxes-Present Rates	37	40	(3)	17,928
Income Taxes-Proposed Rates	37	40	(3)	45,398
Purchased Power	37	39	(2)	387,492
	E	F	G	H
	AVERAGE	WORKING	AVERAGE	WORKING
	DAILY	CASH	DAILY	CASH
	AMOUNT	(PRESENT	AMOUNT	(PROPOSED
	(D/365)	RATES)	(PROPOSED)	RATES)
		(C X E)		(C X G)
ITEMS REQUIRING WORKING CASH				
Fuel Oil Purchases	1,473	29,467	1,473	29,467
O&M Labor	242	6,283	242	6,283
O&M Nonlabor	276	829	276	829
Pension Asset Amortization	0	0	0	0
ITEMS THAT PROVIDE WORKING CASH				
Purchased Power	1,062	(2,123)	1,062	(2,123)
Revenue Taxes	341	(9,887)	360	(10,433)
Income Taxes-Present Rates	49	(147)		
Income Taxes-Proposed Rates	124	-	124	(373)
Total		24,422		23,650
Change in Working Cash				(772)

## Hawaiian Electric Company, Inc.

Revised Adjusted Interim at Curr Eff Rates w/Int Sync  
COMPUTATION OF INCOME TAX EXPENSE

(\$ Thousands)

	Current Effective Rates	Adjustment	At Proposed Rates
Operating Revenues	1,403,072	77,482	1,480,554
Operating Expenses:			
Fuel Oil and Purchased Power	931,366		931,366
Other Operation & Maintenance Expense	190,629	0	190,629
Depreciation	78,763		78,763
Amortization of State ITC	(1,304)		(1,304)
Taxes Other than Income	130,731	6,881	137,612
Interest on Customer Deposits	377		377
Total Operating Expenses	1,330,562	6,881	1,337,443
Operating Income Before Income Taxes	72,510	70,601	143,111
Tax Adjustments:			
Interest Expense	(30,475)		(30,475)
Meals and Entertainment	81		81
	(30,394)	0	(30,394)
Taxable Income at Ordinary Rates	42,116	70,601	112,717
Income Tax Exp at Ordinary Rates	16,387	27,471	43,858
Tax Benefit of Domestic Production Activities Deduction	571		571
Tax Effect of Deductible Preferred Stock Dividends	23		23
TOTAL INCOME TAX EXPENSE	15,793	27,471	43,264

## Hawaiian Electric Company, Inc.

Revised Adjusted Interim at Curr Eff Rates w/Int Sync  
COMPUTATION OF TAXES OTHER THAN INCOME TAX

(\$ Thousands)

	Rate	At Curr Eff Rates	Adjustment	At Proposed Rates
Electric Sales Revenue		1,398,765	77,378	1,476,143
Other Operating Revenue		3,807	104	3,911
Operating Revenues		1,402,572	77,482	1,480,054
Public Service Tax	5.885%	82,484	4,560	87,044
PUC Fees	0.500%	7,008	387	7,395
Franchise Tax	2.500%	34,945	1,934	36,879
Payroll Tax		6,294		6,294
TOTAL TAXES OTHER THAN INCOME TAX		130,731	6,881	137,612

## Hawaiian Electric Company, Inc.

Revised Adjusted Interim at Curr Eff Rates w/Int Sync  
CALCULATIONS OF REVENUE REQUIREMENTS

(\$ Thousands)

## OPERATING INCOME AT CURRENT EFFECTIVE RATES:

Operating Revenues	1,403,072
Fuel and Purchased Power Expenses	931,366
Other O&M Expenses	190,629
Depreciation & Amortization Expense	78,763
Amortization of State ITC	(1,304)
Taxes Other than Income	130,731
Interest on Customer Deposits	377
Income Taxes	15,793
Total Operating Expenses	1,346,355

OPERATING INCOME AT CURRENT EFFECTIVE RATES	56,717
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## CALCULATIONS OF REVENUE REQUIREMENTS:

## OPERATING INCOME

Rate Base at Proposed Rates	1,158,314
Proposed Rate of Return on Rate Base	x 8.62%
Operating Income	99,847

Less: Operating Income at Current Effective Rate	56,717
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INCREASE IN OPERATING INCOME	43,130
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## OPERATING REVENUES:

Increase in Operating Income	43,130
Operating Income Divisor (divided by)	0.55664

INCREASE IN OPERATING REVENUES	77,482
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Increase in Electric Sales Revenue	77,378
Other Operating Revenue Rate	x 0.134%
Increase in Other Operating Revenues	104
	77,482

## Hawaiian Electric Company, Inc.

Revised Adjusted Interim at Curr Eff Rates w/Int Sync  
CALCULATIONS OF REVENUE REQUIREMENTS

(\$ Thousands)

## BAD DEBT:

Increase in Electric Revenues		77,378
Bad Debt Rate	x	0.0000
INCREASE IN BAD DEBT EXPENSE		<u>0</u>

## REVENUE TAX:

Increase in Operating Revenues		77,482
Less: Increase in Bad Debt Expense		<u>0</u>
		77,482
PSC Tax & PUC Fees Rate	x	6.385%
		<u>4,947</u>
Increase in Electric Revenues		77,378
Less: Increase in Bad Debt Expense		<u>0</u>
		77,378
Franchise Tax Rate	x	2.500%
		<u>1,934</u>
INCREASE IN REVENUE TAX		<u>6,881</u>

## INCOME TAX:

Increase in Operating Revenues		77,482
Effective Income Tax Rate after considering revenue tax & bad debt	x	35.454%
INCREASE IN INCOME TAX		<u>27,470</u>
INCREASE IN OPERATING INCOME (check)		<u>43,131</u>

## CHANGE IN RATE BASE:

## Hawaiian Electric Company, Inc.

Revised Adjusted Interim at Curr Eff Rates w/Int Sync  
CALCULATIONS OF REVENUE REQUIREMENTS

(\$ Thousands)

	A	B	C	D
	EXPENSE	AVERAGE	NET	WORKING
	AMOUNT	DAILY	COLLECTION	CASH
		AMOUNT	LAG (DAYS)	REQMT
		(A/365)		(B) x (C)
Increase in Revenue Tax	6,881	19	(29)	(547)
Income Tax at present rates	17,928	49	(3)	147
Income Tax at proposed rate	45,398	124	(3)	(373)
CHANGE IN RATE BASE - WORKING CASH				(773)
Rate Base at Present Rates				1,159,087
PROPOSED RATE BASE				1,158,314
Operating Income at Present Rates				56,717
Increase in Operating Income				43,130
OPERATING INCOME AT PROPOSED RATES				99,847
PROPOSED RATE OF RETURN ON RATE BASE (check)				8.62%

## Hawaiian Electric Company, Inc.

Revised Adjusted Interim at Curr Eff Rates w/Int Sync  
SUPPORT WORKSHEET

## OPERATING REVENUES:

Electric Sales Revenues	1,398,765
Other Operating Revenues	3,807
Gain on Sale of Land	500
TOTAL OPERATING REVENUES	<u>1,403,072</u>

## FUEL OIL AND PURCHASE POWER EXPENSES:

Fuel Oil Expense	537,767
Fuel Related Non-labor Exp	5,207
Fuel Handling Labor Expense	900
Fuel Oil Expense	<u>543,874</u>
Purchased Power Expense	<u>387,492</u>
TOTAL FUEL OIL AND PURCHASE POWER EXPENSES	<u>931,366</u>

## OTHER OPERATION &amp; MAINTENANCE EXPENSES:

Production	67,597
Transmission	10,272
Distribution	24,663
Customer Account	11,720
Allowance for Uncollectible Accounts	970
Customer Service	5,890
Administration & General	69,189
Gen Excise Tax Rate Incr Adj	<u>328</u>
TOTAL OTHER OPERATION & MAINTENANCE EXPENSES	<u>190,629</u>

## Hawaiian Electric Company, Inc.

Revised Adjusted Interim at Curr Eff Rates w/Int Sync  
SUPPORT WORKSHEET

TOTAL FUEL OIL & PP AND OTH O&M EXPENSES (LABOR/NONLABOR)	
Fuel Oil Expense	537,767
Purchase Power Expense	387,492
Total Labor Expense	
Labor Expense	88,209
Total Labor Expense	<u>88,209</u>
Total Nonlabor Expense	
Nonlabor Expense	103,320
Fuel Related Expense	5,207
Payroll Taxes	6,294
Bad Debt Expense	(970)
Pension Expense	(12,929)
Pension Asset Amortization	0
	<u>100,922</u>
TOTAL FUEL OIL & PP, OTH O&M AND PR TAX EXPENSES	<u>1,114,390</u>
REVENUE TAX	
Public Service Tax	
Electric Sales Revenues	1,398,765
Other Operating Revenues	3,807
Less: Bad Debt Expense	(970)
Operating Revenues subject to PSC Tax	1,401,602
Public Service Tax Rate	x 5.885%
Total PSC Tax	<u>82,484</u>
PUC Fees	
Electric Sales Revenues	1,398,765
Other Operating Revenues	3,807
Less: Bad Debt Expense	(970)
Operating Revenues subject to PSC Tax	1,401,602
PUC Tax Rate	x 0.500%
Total PUC Tax	<u>7,008</u>

## Hawaiian Electric Company, Inc.

Revised Adjusted Interim at Curr Eff Rates w/Int Sync  
SUPPORT WORKSHEET

Franchise Tax	
Electric Sales Revenues	1,398,765
Less: Bad Debt Expense	(970)
	<u>1,397,795</u>
Franchise Tax Rate	x 2.500%
Total Franchise Tax	<u>34,945</u>
TOTAL REVENUE TAX	<u>124,437</u>
INTEREST EXPENSE:	
Weighted Cost of Debt	
Short-Term Debt	0.154%
Long-Term Debt	2.314%
Hybrid Securities	<u>0.163%</u>
Total	2.631%
Rate Base at Proposed Rates	x <u>1,158,314</u>
TOTAL INTEREST EXPENSE	<u>30,475</u>
INCOME TAX EXPENSE SUMMARY	
Current	17,928
Deferred	(4,960)
State ITC	2,825
Pension Asset Amortization	<u>0</u>
TOTAL INCOME TAX EXPENSE	<u>15,793</u>
CALCULATIONS OF REVENUE TAX RATE:	
Franchise Tax Rate adjusted for Change in Oth Oper	
Revenues and Bad Debt	0.02497
PSC Tax Rate adjusted for Bad Debt	0.05885
PUC Tax Rate adjusted for Bad Debt	<u>0.00500</u>
REVENUE TAX RATE	<u>0.08882</u>
CALCULATIONS OF COMPOSITE INCOME TAX RATE:	
State Tax Rate	0.06015
Federal Tax Rate	0.35000
State Tax Rate	0.06015
Federal Tax Rate	x <u>0.35000</u>
Federal Tax Effect on State Tax	<u>(0.02105)</u>
COMPOSITE INCOME TAX RATE	<u>0.38910</u>

## Hawaiian Electric Company, Inc.

Revised Adjusted Interim at Curr Eff Rates w/Int Sync  
SUPPORT WORKSHEET

## CALCULATIONS OF COMPOSITE CAPITAL GAINS TAX RATE:

State Capital Gains Tax Rate		0.03759
Federal Tax Rate		0.35000
State Capital Gains Tax Rate		0.03759
Federal Tax Rate	x	0.35000
Federal Tax Effect on State Capital Gains Tax Rate		(0.01316)
COMPOSITE CAPITAL GAINS TAX RATE		0.37444

## CALCULATIONS OF EFFECTIVE INCOME TAX RATE:

PSC Tax & PUC Fees Rates adjusted for Bad Debt		0.06385
Franchise Tax adjusted for Change in Oth Oper Rev and Bad Debt		0.02497
Bad Debt Rate adjusted for Change in Oth Oper Rev		-
Revenue Tax and Bad Debt rate		0.08882
Rev Tax & Bad Debt Reciprocal (1 - 0.08882)		0.91118
Composite Income Tax Rate	x	0.38910
EFFECTIVE INCOME TAX RATE AFTER CONSIDERING REVENUE TAX & BAD DEBT		0.35454

## CALCULATIONS OF OPERATING INCOME DIVISOR:

PSC Tax & PUC Fees Rates		0.06385
Franchise Tax adjusted for Change in Oth Oper Rev		0.02497
Bad Debt Rate adjusted for Change in Oth Oper Rev		-
Effective Income Tax Rate after considering revenue tax & bad debt		0.35454
		0.44336
OPERATING INCOME DIVISOR (1 - 0.44336)		0.55664

HAWAIIAN ELECTRIC COMPANY, INC.  
RESIDENTIAL BILL @ 600 KWH PER MONTH  
(Single Phase Service)

<u>Line No.</u>		Total Bill Before 2007 Int Incr October 1, 2008 (A)	Total Bill After 2007 Int Incr October 1, 2008 (B)
1	Customer Charge	\$8.00	\$8.00
2	Energy Charge	\$103.14	\$103.14
3	DSM Adjustment	\$8.24	\$8.24
4	Reconciliation of TY refund, 2005	\$1.49	\$1.49
5	Interim Rate Increase, 2007	\$7.91	\$7.74
6	Energy Cost Adjustment	\$69.41	\$69.41
7	Rate Adjustment	\$0.00	\$0.00
8	Interim Surcharge	\$0.00	\$0.00
9	SolarSaver Adjustment	\$0.00	\$0.00
	Total Bill	<u>\$198.19</u>	<u>\$198.02</u>
	Decrease in Total Bill (\$)		(\$0.17)
	Percentage Decrease		<u>-0.09%</u>

References

- Line 1-2: Base Rates effective June 20, 2008.  
 Line 3: Residential DSM Adjustment of 1.3732 ¢/kwh, effective 10/01/08.  
 Line 4: Reconciliation of TY 2005 refund of 1.34%, effective 10/01/08.  
 Line 5: 2007 Interim Rate Increase of 7.12%, effective 6/20/08.  
 2007 Interim Rate Increase of 6.96%, effective 10/01/08.  
 Line 6: Energy Cost Adjustment Factor of 11.568 ¢/kwh, effective 10/01/08.  
 Line 7: Rate Adjustment of 0.0%, effective 10/01/08.  
 Line 8: Interim Surcharge of 0.0 ¢/kWh, effective 09/1/2008.  
 Line 9: SolarSaver Adjustment of 0.0 ¢/kWh, effective 10/01/08.

HAWAIIAN ELECTRIC COMPANY, INC.  
RESIDENTIAL BILL @ 600 KWH PER MONTH  
(Single Phase Service)

Line No.		Total Bill Before 2007 Int Incr November 1, 2008 (A)	Total Bill After 2007 Int Incr November 1, 2008 (B)
1	Customer Charge	\$8.00	\$8.00
2	Energy Charge	\$103.14	\$103.14
3	DSM Adjustment	\$8.24	\$8.24
4	Reconciliation of TY refund, 2005	\$1.49	\$1.49
5	Interim Rate Increase, 2007	\$7.74	\$7.88
6	Energy Cost Adjustment	\$69.41	\$69.41
7	Rate Adjustment	\$0.00	\$0.00
8	Interim Surcharge	\$0.00	\$0.00
9	SolarSaver Adjustment	\$0.00	\$0.00
	Total Bill	<u>\$198.02</u>	<u>\$198.16</u>
	Increase in Total Bill (\$)		\$0.14
	Percentage Increase		<u>0.07%</u>

References

- Line 1-2: Base Rates effective June 20, 2008.  
 Line 3: Residential DSM Adjustment of 1.3732 ¢/kwh, effective 10/01/08.  
 Line 4: Reconciliation of TY 2005 refund of 1.34%, effective 10/01/08.  
 Line 5: 2007 Interim Rate Increase of 6.96%, effective 10/01/08.  
 2007 Interim Rate Increase of 7.09%, effective 11/01/08.  
 Line 6: Energy Cost Adjustment Factor of 11.568 ¢/kwh, effective 10/01/08.  
 Line 7: Rate Adjustment of 0.0%, effective 10/01/08.  
 Line 8: Interim Surcharge of 0.0 ¢/kWh, effective 09/1/2008.  
 Line 9: SolarSaver Adjustment of 0.0 ¢/kWh, effective 10/01/08.